

# Senate Study Bill 1059

SENATE/HOUSE FILE \_\_\_\_\_  
BY (RECOMMENDED BY PROGRAM  
ELIMINATION COMMISSION)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to government efficiency by providing for the  
2 delivery of administrative services to state government,  
3 establishment of common state services regional boundaries,  
4 revising medical assistance program eligibility and benefits  
5 provisions, improving coordination of veterans benefits  
6 eligibility determinations, requiring a comprehensive study of  
7 the state mental health institutes, and revising requirements  
8 involving the judicial district departments of correctional  
9 services, and providing effective dates.  
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
11 TLSB 2073IC 80  
12 jp/pj/5

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1 1 DIVISION I  
1 2 ADMINISTRATIVE SERVICES  
1 3 Section 1. STATE GOVERNMENT ADMINISTRATIVE SERVICES.  
1 4 1. As used in this section, unless the context otherwise  
1 5 requires:  
1 6 a. "Delivering agency" is a governmental agency, other  
1 7 than the primary agency setting policy for the delivery of a  
1 8 designated state service, or a nongovernmental entity  
1 9 designated by the applicable lead agency to deliver a  
1 10 designated state service.  
1 11 b. "Designated state service" means one of the following  
1 12 services provided to state agencies: printing, information  
1 13 technology, mail, human resource benefits and payroll,  
1 14 financial accounting, property management, fleet management,  
1 15 and purchasing services.  
1 16 c. "Lead agency" is a governmental agency that may or may  
1 17 not deliver a designated state service, but is the primary  
1 18 agency setting policy for the delivery of the service, and may  
1 19 assign the delivery of the service to a delivering agency.  
1 20 d. "Managed competition" means a process that allows both  
1 21 state government entities and nonstate government entities to  
1 22 submit competitive bids to provide designated state services,  
1 23 which process takes into account the true cost-accounting  
1 24 costs for state government entities and may result in multiple  
1 25 providers of the same designated state service. The use of  
1 26 managed competition shall not preclude the use of other  
1 27 entrepreneurial steps in any area.  
1 28 2. a. The department of management may, pursuant to the  
1 29 requirements of this section, determine how the designated  
1 30 state services of all executive branch agencies, community=  
1 31 based corrections districts, and other state governmental  
1 32 entities shall be delivered.  
1 33 b. This section shall not apply to the judicial branch,  
1 34 legislative branch, statewide elected officials, area  
1 35 education agencies, and community colleges. In addition, the  
2 1 state board of regents shall be exempt from the requirements  
2 2 of this section as it relates to the delivery of information  
2 3 technology and mail services, and such other services as  
2 4 determined by the department of management.  
2 5 3. The department of management shall determine which  
2 6 governmental agency shall be the lead agency for each  
2 7 designated state service. The department of management may be  
2 8 designated a lead agency. The lead agency may delegate the  
2 9 authority to designate a delivering agency to a group of  
2 10 government consumers of the designated state service. In  
2 11 addition, the lead agency may delegate responsibilities to any  
2 12 government subdivision for the purposes of fulfilling that  
2 13 lead agency's or the government subdivision's needs in a  
2 14 designated state service.  
2 15 4. The following duties relating to state administrative  
2 16 services shall be performed as provided by this subsection.

2 17 a. By July 1, 2004, the lead agency for printing services  
2 18 shall submit a request for proposals for a managed competition  
2 19 for printing services. The request for proposals shall allow  
2 20 for the awarding of all or parts of printing services to a  
2 21 governmental agency or nongovernmental entity.

2 22 b. The lead agency for information technology services  
2 23 shall determine the means of delivery for all information  
2 24 technology services, including determining which services  
2 25 shall remain the responsibility of individual state agencies.  
2 26 The lead agency shall determine which application development  
2 27 activities shall remain as responsibilities of the individual  
2 28 state agencies. As of July 1, 2003, all employees delivering  
2 29 information technology services shall be transferred to the  
2 30 lead agency or applicable delivering agency and any funding  
2 31 appropriated for such services shall also be transferred, as  
2 32 determined by the department of management.

2 33 c. The three major data centers of state government shall  
2 34 be physically merged into one data center as expeditiously as  
2 35 possible, no later than July 1, 2004.

3 1 d. The department of management may limit unified fleet  
3 2 management responsibilities to cars and small trucks. By July  
3 3 1, 2005, the fleet management operations shall be subject to a  
3 4 managed competition process conducted by the lead agency for  
3 5 fleet management services. Any one-time savings shall be  
3 6 amortized based on state government's average borrowing cost  
3 7 for funds over the preceding five years.

3 8 5. The auditor of state shall be consulted on the  
3 9 designation of a lead agency or delivering agency, and a  
3 10 decision to conduct a managed competition process for each  
3 11 designated state service. The auditor of state shall also be  
3 12 consulted regarding the issuance of a request for proposals  
3 13 and shall also be consulted in the award process. The auditor  
3 14 of state's role is to provide advice as to whether an approach  
3 15 offers the best opportunity for reducing state government  
3 16 costs.

3 17 6. The provisions of this section apply notwithstanding  
3 18 any provision of the Iowa Code to the contrary.

3 19 Sec. 2. EFFECTIVE DATE. This division of this Act,  
3 20 relating to state government administrative services, being  
3 21 deemed of immediate importance, takes effect upon enactment.

#### 3 22 DIVISION II

#### 3 23 REGIONAL BOUNDARIES

3 24 Sec. 3. STATE SERVICES REGIONAL BOUNDARIES.

3 25 1. A state services regional boundaries task force,  
3 26 hereafter referred to as the task force, is created. The task  
3 27 force shall be comprised of eight members selected in the  
3 28 following manner:

3 29 a. One member shall be appointed jointly by the  
3 30 administrators of the area education agencies created by  
3 31 chapter 273.

3 32 b. One member shall be appointed by the director of the  
3 33 department of human services.

3 34 c. One member shall be appointed jointly by the directors  
3 35 of the judicial district departments of correctional services  
4 1 created by chapter 905.

4 2 d. One member shall be appointed by the chief justice of  
4 3 the supreme court.

4 4 e. Two citizen members shall be appointed by the governor.

4 5 f. One citizen member shall be appointed jointly by the  
4 6 majority leader of the senate and the speaker of the house of  
4 7 representatives.

4 8 g. One citizen member shall be appointed jointly by the  
4 9 minority leader of the senate and the house of  
4 10 representatives.

4 11 2. The task force is charged with the responsibility of  
4 12 proposing common boundaries for area education agencies,  
4 13 department of human services service areas, judicial  
4 14 districts, and judicial district departments of correctional  
4 15 services. No more than eight regions shall be proposed by the  
4 16 task force; however, any entity may have fewer regions if the  
4 17 larger region boundaries are consistent with the smaller  
4 18 coextensive region boundaries. The task force shall issue a  
4 19 report to the general assembly's joint government oversight  
4 20 committee by October 1, 2003, containing its findings and  
4 21 recommended service area boundaries.

4 22 3. If the task force fails to issue a report by October 1,  
4 23 2003, or if no common state services regional boundaries  
4 24 proposal is contained in its recommendations, the joint  
4 25 legislative government oversight committee shall direct the  
4 26 legislative service bureau to develop a plan for common  
4 27 regional boundaries for submission to the general assembly

4 28 which plan shall be submitted to the general assembly by  
4 29 December 31, 2003. The joint government oversight committee  
4 30 shall develop the criteria to be followed by the legislative  
4 31 service bureau in establishing a common regional boundaries  
4 32 plan. The criteria shall provide, at a minimum, that the  
4 33 legislative service bureau consider the needs of the entities  
4 34 providing state services and identify the boundaries that will  
4 35 provide the greatest efficiencies, while maximizing the  
5 1 ability to deliver state services with limited financial  
5 2 resources.

5 3 4. A plan for common regional boundaries submitted to the  
5 4 general assembly pursuant to this section shall provide for  
5 5 the establishment of an advisory committee within each new  
5 6 region to provide input for the planning and implementation of  
5 7 the staffing and operations of the new region.

5 8 Sec. 4. EFFECTIVE DATE. This division of this Act,  
5 9 relating to administrative services boundary redistricting,  
5 10 being deemed of immediate importance, takes effect upon  
5 11 enactment.

#### 5 12 DIVISION III

##### 5 13 MEDICAL ASSISTANCE PROGRAM

5 14 Sec. 5. PHARMACY DISPENSING FEES == MEDICAL ASSISTANCE  
5 15 PROGRAM. Beginning July 1, 2003, the department of human  
5 16 services shall reimburse pharmacy dispensing fees under the  
5 17 medical assistance program using a rate of \$4 per prescription  
5 18 or the pharmacy's usual and customary fee, whichever is lower.

5 19 Sec. 6. USE OF LEAST-COST GENERIC DRUGS == MEDICAL  
5 20 ASSISTANCE PROGRAM. The department of human services shall  
5 21 adopt rules to require the use under the medical assistance  
5 22 program of the least-cost generic drug for all categories of  
5 23 prescription drugs in which at least three AB-rated drugs have  
5 24 been established. The rules shall include that reimbursement  
5 25 for these drugs does not exceed 135 percent of the average=  
5 26 cost drug in the category, subject to any existing upper  
5 27 reimbursement limits. The average cost may be established  
5 28 utilizing data from national buying groups that are accessible  
5 29 to all pharmacists. It is the intent of the general assembly  
5 30 that the department of human services implement this provision  
5 31 to the extent allowed under federal law and in an  
5 32 administratively efficient manner. For the purpose of this  
5 33 section, "AB-rated drug" means any products coded AB by the  
5 34 food and drug administration of the United States department  
5 35 of health and human services.

6 1 Sec. 7. PREFERRED DRUG LIST. The department of human  
6 2 services shall develop a preferred drug list and prior  
6 3 authorization program as the basis for pursuing supplemental  
6 4 rebates from pharmaceutical manufacturers under the medical  
6 5 assistance program. The department shall pursue negotiations  
6 6 with pharmaceutical manufacturers, including possible regional  
6 7 collaboration, to achieve supplemental rebates or other means,  
6 8 which may include direct purchase from pharmaceutical  
6 9 manufacturers, to reduce the cost of pharmaceuticals under the  
6 10 medical assistance program. For the purpose of this section,  
6 11 "supplemental rebates" means rebates in addition to those  
6 12 rebates designated by the federal government under the rebate  
6 13 program.

6 14 Sec. 8. ELIGIBILITY COMPLIANCE == MEDICAL ASSISTANCE  
6 15 PROGRAM. The department of human services, in coordination  
6 16 with the auditor of state, shall perform random audits of  
6 17 medical assistance program recipient eligibility to determine  
6 18 compliance with eligibility requirements. The department  
6 19 shall implement additional screening procedures, including but  
6 20 not limited to expanded employment checks with the department  
6 21 of revenue and finance, if audit results indicate a cost=  
6 22 benefit return resulting from implementation of such  
6 23 procedures. The additional screening procedures shall not be  
6 24 interpreted to include a requirement for monthly reporting by  
6 25 recipients. The department of human services shall report the  
6 26 results of the audit, the implementation of any additional  
6 27 screening procedures, and the results of implementation of any  
6 28 additional screening procedures to the general assembly's  
6 29 committees on government oversight.

#### 6 30 DIVISION IV

##### 6 31 VETERANS BENEFITS

6 32 Sec. 9. NEW SECTION. 135C.31A ASSESSMENT OF RESIDENT  
6 33 PROGRAM ELIGIBILITY.

6 34 Beginning July 1, 2003, a health care facility receiving  
6 35 reimbursement through the medical assistance program under  
7 1 chapter 249A shall determine, prior to the initial admission  
7 2 of a resident, the prospective resident's eligibility for  
7 3 benefits through the United States department of veterans

7 4 affairs. A health care facility shall also determine the  
7 5 eligibility of current residents residing in the facility on  
7 6 July 1, 2003 for such benefits. The health care facility  
7 7 shall report any information collected to the Iowa commission  
7 8 of veterans affairs. The department of inspections and  
7 9 appeals, in cooperation with the Iowa commission of veterans  
7 10 affairs and the department of human services, shall adopt  
7 11 rules to administer this section including a provision that  
7 12 ensures that if a resident is eligible for benefits through  
7 13 the United States department of veterans affairs or other  
7 14 third-party payor, the payor of last resort for reimbursement  
7 15 to the health care facility is the medical assistance program.  
7 16 Sec. 10. COORDINATION OF EFFORTS == VETERANS BENEFITS  
7 17 ELIGIBILITY DETERMINATIONS. It is the intent of the general  
7 18 assembly that a full-time equivalent position be designated  
7 19 and assigned to work with health care facility residents and  
7 20 that the county directors of veteran affairs be directed to  
7 21 collaborate with the Iowa commission of veterans affairs to  
7 22 maximize the receipt of benefits through the United States  
7 23 department of veterans affairs by eligible veterans and their  
7 24 dependents.

7 25  
7 26 DIVISION V  
7 27 CHILDREN'S AUTHORITY

7 27 Sec. 11. Section 235.1, Code 2003, is amended to read as  
7 28 follows:

7 29 235.1 DEFINITIONS.

7 30 1. The terms "state division", "administrator", and  
7 31 "child" are used in this chapter and chapter 238 as the terms  
7 32 are defined in section 234.1.

7 33 2. "Child welfare services" means social welfare services  
7 34 for the protection and care of children who are homeless,  
7 35 dependent or neglected, or in danger of becoming delinquent,  
8 1 or who have a mental illness or mental retardation or other  
8 2 developmental disability, including, when necessary, care and  
8 3 maintenance in a foster care facility. Child welfare services  
8 4 are designed to serve a child in the child's home whenever  
8 5 possible. If not possible, and the child is placed outside  
8 6 the child's home, the placement should be in the least  
8 7 restrictive setting available and in close proximity to the  
8 8 child's home. Child welfare services include but are not  
8 9 limited to all of the following:

8 10 a. Foster care and other services listed in section  
8 11 234.35.

8 12 b. Services or support provided to a child with mental  
8 13 retardation or other developmental disability or to the  
8 14 child's family.

8 15 c. Intensive family preservation services and family-  
8 16 centered services, as defined in section 232.102, subsection  
8 17 10, paragraph "b".

8 18 d. Other services involving placement of a child outside  
8 19 the child's home or the prevention of such placements.

8 20 3. "Children's authority" means the department or the  
8 21 state agency designated under section 235.7 to fulfill the  
8 22 duties of the state division and the administrator under this  
8 23 chapter.

8 24 4. "Department" means the department of human services.

8 25 Sec. 12. NEW SECTION. 235.7 CHILDREN'S AUTHORITY.

8 26 1. SYSTEM CHANGE. The purpose of establishing a  
8 27 children's authority is to improve the child welfare services  
8 28 system in this state by changing the roles of the state and  
8 29 service providers, providing greater flexibility, and focusing  
8 30 on performance.

8 31 2. TASK FORCE. The governor shall establish a task force  
8 32 to provide guidance to the children's authority in making  
8 33 changes to the child welfare services system. The task force  
8 34 membership shall include representatives from the department,  
8 35 counties, and community-based agencies appointed by the  
9 1 governor and shall include members of the general assembly  
9 2 from the majority and minority parties in each chamber of the  
9 3 general assembly appointed by the legislative council.

9 4 3. AGENCY DESIGNATED. Unless by statute a state agency  
9 5 other than the department is designated to serve as the  
9 6 children's authority on behalf of the state, the department  
9 7 shall be the children's authority. If such a statute is  
9 8 enacted, the designated state agency shall serve as the  
9 9 children's authority in lieu of the department and shall  
9 10 fulfill the duties of the department, state division, and the  
9 11 administrator as provided by this chapter.

9 12 4. FULFILLING STATUTORY DUTIES. If a state agency other  
9 13 than the department is designated in accordance with  
9 14 subsection 3 to serve as the children's authority, in addition

9 15 to assuming the duties of the state division and the  
9 16 administrator, that state agency shall fulfill duties and  
9 17 responsibilities and exercise authority otherwise assigned by  
9 18 statute to the department relative to child welfare services,  
9 19 including but not limited to all of the following:  
9 20 a. Court-ordered placements and services and other child  
9 21 welfare services responsibilities involving the department  
9 22 under chapter 232, including but not limited to sections  
9 23 232.52, 232.102, 232.117, 232.127, 232.143, and 232.188.  
9 24 b. Child and family services, including but not limited to  
9 25 fees for child welfare services under section 234.8 and  
9 26 payment responsibility under section 234.35.  
9 27 c. Foster care under chapter 237.  
9 28 d. Child-placing agencies under chapter 238.  
9 29 e. To the maximum extent allowable under federal law and  
9 30 regulation, those services funded under the federal Social  
9 31 Security Act and provided to children in out-of-home  
9 32 placements or to prevent or eliminate the need for such  
9 33 placements, including but not limited to those funded under  
9 34 Title IV-E and XIX of that Act.  
9 35 5. CHILDREN'S AUTHORITY RESPONSIBILITIES. The children's  
10 1 authority shall do all of the following in regard to child  
10 2 welfare services:  
10 3 a. Identify needs and determine service eligibility.  
10 4 b. Make referrals to service providers.  
10 5 c. Provide state oversight and ensure regulatory  
10 6 compliance through an integrated contract management,  
10 7 licensing, and certification process.  
10 8 d. Act as liaison with the federal government.  
10 9 e. Pay for services.  
10 10 6. SERVICE PROVIDER RESPONSIBILITIES. Service provider  
10 11 agencies shall do all of the following in regard to child  
10 12 welfare services:  
10 13 a. Act as the service delivery entity and manage the  
10 14 service delivery system.  
10 15 b. Act as the case manager and develop the treatment plan.  
10 16 c. Provide treatment services and follow-up.  
10 17 d. Comply with contract, licensing, and certification  
10 18 requirements.  
10 19 7. PERFORMANCE-BASED CONTRACTS. The children's authority  
10 20 shall enter into performance-based contracts with service  
10 21 provider agencies to carry out the responsibilities outlined  
10 22 in subsection 6. The performance-based contracts shall be  
10 23 developed in a manner to ensure proper documentation is  
10 24 maintained, risks and liabilities are shared, and flexibility  
10 25 is provided for innovative care.  
10 26 Sec. 13. IMPLEMENTATION. Unless the children's authority  
10 27 established under this Act concurs with a request approved by  
10 28 the task force established under this Act for graduated  
10 29 implementation, implementation of the child welfare services  
10 30 system changes made pursuant to this Act shall begin January  
10 31 1, 2004.

#### 10 32 DIVISION VI

#### 10 33 MENTAL HEALTH INSTITUTES

10 34 Sec. 14. STATE MENTAL HEALTH INSTITUTES == COMPREHENSIVE  
10 35 STUDY.

11 1 1. The departments of human services and corrections shall  
11 2 conduct a comprehensive study of alternative uses of the four  
11 3 state mental health institutes, including but not limited to  
11 4 the feasibility of using two of the four campuses as  
11 5 facilities to house those correctional facility inmates who  
11 6 are in need of mental health treatment. The feasibility study  
11 7 shall consider whether such an alternative use would  
11 8 significantly ease correctional facility overcrowding, would  
11 9 significantly increase the success of rehabilitative efforts  
11 10 directed at inmates, and after shifting to an alternative use,  
11 11 whether the four facilities could be operated without  
11 12 requiring more funding than provided to operate the four as  
11 13 state mental health institutes and to provide mental health  
11 14 treatment in Iowa's prisons. The study shall include analyses  
11 15 from both departments addressing the potential effects of  
11 16 various options on the state employee workforce at the  
11 17 facilities and shall identify the appropriate number of state  
11 18 mental health institute beds in the state. The study's report  
11 19 shall be submitted to the governor and general assembly on or  
11 20 before December 31, 2003.  
11 21 2. If the study demonstrates the efficacy of using two  
11 22 state mental health institute campuses as correctional  
11 23 facilities, the two departments shall submit proposed  
11 24 legislation to the general assembly for the 2004 legislative  
11 25 session to implement the alternative. If the study

11 26 demonstrates that such an alternative use, or any other  
11 27 alternative use is not efficacious, the department of human  
11 28 services shall submit proposed legislation to the general  
11 29 assembly for the 2004 legislative session that would  
11 30 consolidate the services provided in the four state mental  
11 31 health institutes into two of the institutes, with one serving  
11 32 the eastern portion of the state, and the other serving the  
11 33 western portion of the state.

11 34 Sec. 15. EFFECTIVE DATE. This division of the Act,  
11 35 relating to the state mental health institutes, being deemed  
12 1 of immediate importance, takes effect upon enactment.

12 2 DIVISION VII  
12 3 COMMUNITY-BASED CORRECTIONS

12 4 Sec. 16. Section 904.101, Code 2003, is amended by adding  
12 5 the following new subsection:

12 6 NEW SUBSECTION. 2A. "Community-based correctional  
12 7 administrator" means the person coordinating the  
12 8 administration of the judicial district departments of  
12 9 correctional services.

12 10 Sec. 17. Section 904.104, Code 2003, is amended to read as  
12 11 follows:

12 12 904.104 BOARD CREATED.

12 13 A board of corrections is created within the department.

12 14 The board shall consist of ~~seven~~ five members appointed by the  
12 15 governor and two members appointed by the boards of directors  
12 16 of the judicial district departments of correctional services

12 17 pursuant to section 905.4, all subject to confirmation by the  
12 18 senate. Not more than four of the members shall be from the  
12 19 same political party. Members shall be electors of this  
12 20 state. Members of the board shall serve four-year staggered  
12 21 terms.

12 22 Sec. 18. Section 901.108, subsection 1, Code 2003, is  
12 23 amended by adding the following new paragraph after paragraph  
12 24 b:

12 25 NEW PARAGRAPH. bb. Supervise the community-based  
12 26 correctional administrator.

12 27 Sec. 19. Section 904.108, subsection 1, Code 2003, is  
12 28 amended by adding the following new paragraph:

12 29 NEW PARAGRAPH. p. Review the qualifications and  
12 30 recommendations of individuals for the position of director of  
12 31 a judicial district department of correctional services who  
12 32 have been recommended for the position by a district board as  
12 33 provided in section 905.4.

12 34 Sec. 20. NEW SECTION. 904.108A COMMUNITY-BASED  
12 35 CORRECTIONAL ADMINISTRATOR.

13 1 1. The community-based correctional administrator shall be  
13 2 appointed by the governor and shall serve at the pleasure of  
13 3 the governor. The administrator shall be knowledgeable in the  
13 4 administration of correctional programs, and shall possess  
13 5 administrative ability. The administrator shall be supervised  
13 6 by the director.

13 7 2. The community-based correctional administrator shall  
13 8 coordinate and administer the judicial district departments of  
13 9 correctional services and the duties of the administrator  
13 10 shall include but are not limited to developing and managing a  
13 11 plan for the establishment, implementation, and operation of  
13 12 community-based correctional programs among the judicial  
13 13 district departments of correctional services. The  
13 14 administrator shall appoint the directors of the judicial  
13 15 district departments of correctional services. The director  
13 16 of a judicial district department of correctional services  
13 17 shall serve at the pleasure of the administrator.

13 18 Sec. 21. Section 905.2, Code 2003, is amended to read as  
13 19 follows:

13 20 905.2 DISTRICT DEPARTMENTS ESTABLISHED.

13 21 There is established in each judicial district in this  
13 22 state a public agency to be known as the "..... judicial  
13 23 district department of correctional services." Each district  
13 24 department shall furnish or contract for those services  
13 25 necessary to provide a community-based correctional program  
13 26 which meets the needs of that judicial district. The district  
13 27 department is under the direction of a board of directors,  
13 28 selected as provided in section 905.3, and shall be  
13 29 administered by a director employed by the board department of  
13 30 corrections. A district department is a state agency for  
13 31 purposes of chapter 669.

13 32 Sec. 22. Section 905.4, unnumbered paragraph 1, Code 2003,  
13 33 is amended to read as follows:

13 34 The Consulting with the director, the district board shall:

13 35 Sec. 23. Section 905.4, subsection 2, Code 2003, is  
14 1 amended to read as follows:

14 2 2. ~~Employ a director having the qualifications required by~~  
14 3 ~~section 905.6 to head the district department's community-~~  
14 4 ~~based correctional program and, within a range established by~~  
14 5 ~~the Iowa department of corrections, fix the compensation of~~  
14 6 ~~and have control over the director and the district~~  
14 7 ~~department's staff all district board employees.~~ For purposes  
14 8 of collective bargaining under chapter 20, employees of the  
14 9 district board who are not exempt from chapter 20 are  
14 10 employees of the state, and the employees of all of the  
14 11 district boards shall be included within one collective  
14 12 bargaining unit.

14 13 Sec. 24. Section 905.4, Code 2003, is amended by adding  
14 14 the following new subsection:

14 15 NEW SUBSECTION. 12. Appoint two persons to the board of  
14 16 corrections as provided in section 904.104. Persons shall be  
14 17 appointed to the board of corrections by a majority vote of  
14 18 all the individual members of the boards of directors of the  
14 19 judicial district departments of correctional services.

14 20 Sec. 25. Section 905.4, Code 2003, is amended by adding  
14 21 the following new unnumbered paragraph after subsection 12:

14 22 NEW UNNUMBERED PARAGRAPH. The district board may recommend  
14 23 to the director of the department of corrections individuals  
14 24 qualified for the position of director of the judicial  
14 25 district department of correctional services when a vacancy  
14 26 exists in the office of director.

14 27 Sec. 26. Section 905.6, unnumbered paragraph 1, Code 2003,  
14 28 is amended to read as follows:

14 29 The director employed by the ~~district board under section~~  
14 30 ~~905.4, subsection 2, department of corrections~~ shall be  
14 31 qualified in the administration of correctional programs. The  
14 32 director shall:

14 33 Sec. 27. CORRECTIONS BOARD TRANSITION. Notwithstanding  
14 34 section 904.104, the board of corrections shall consist of  
14 35 eight or nine members until the number of members not  
15 1 appointed by the boards of directors of judicial district  
15 2 departments of correctional services is reduced to five, by  
15 3 attrition, commencing with any vacancy occurring on or after  
15 4 July 1, 2003. For purposes of this section "vacancy" means  
15 5 the death, resignation, or removal of a member of the board.

15 6 EXPLANATION

15 7 This bill relates to government efficiency by providing for  
15 8 the delivery of administrative services to state government,  
15 9 establishment of common state services administrative  
15 10 boundaries, revising medical assistance program eligibility  
15 11 and benefits provisions, improving coordination of veterans  
15 12 benefits eligibility determinations, requiring a comprehensive  
15 13 study of the state mental health institutes, and revising  
15 14 requirements involving the judicial district department of  
15 15 correctional services.

15 16 Division I provides for the delivery of state government  
15 17 services as it relates to the following designated state  
15 18 services: printing, information technology, mail, human  
15 19 resource benefits and payroll, financial accounting, property  
15 20 management, fleet management, and purchasing services.  
15 21 Division I exempts the judicial branch, the legislative  
15 22 branch, the offices of elected officials, area education  
15 23 agencies, and community colleges from the requirements of the  
15 24 bill. In addition, the state board of regents is exempt from  
15 25 the requirements of the bill as they relate to the delivery of  
15 26 information technology and mail services, and such other  
15 27 services as determined by the department of management.

15 28 Division I provides that the department of management may  
15 29 determine how designated state services shall be delivered and  
15 30 shall determine which governmental agency shall be the lead  
15 31 agency for each of the designated state services. Division I  
15 32 also provides that the department of management may be the  
15 33 lead agency for an area. The lead agency shall be responsible  
15 34 for setting policy for the designated state services and may  
15 35 decide to perform the services or to designate a delivering  
16 1 agency to perform the services. Division I provides that a  
16 2 delivering agency may be a governmental agency or a  
16 3 nongovernmental entity that performs designated state  
16 4 services.

16 5 Division I further provides that the delivery of printing  
16 6 services shall be subject to a managed competition process by  
16 7 July 1, 2004. In addition, fleet management services shall be  
16 8 subject to a managed competition process by July 1, 2005.  
16 9 Division I also provides that the lead agency for information  
16 10 technology services shall be determined and all employees and  
16 11 applicable appropriations shall be transferred to the lead  
16 12 agency by July 1, 2003. In addition, the three major data

16 13 centers shall be physically merged into one data center by  
16 14 July 1, 2004. Division I also provides that the state auditor  
16 15 shall be consulted regarding decisions related to designating  
16 16 lead and delivery agencies and concerning any managed  
16 17 competition process.

16 18 Division I provides that the requirements of the bill apply  
16 19 notwithstanding any provision of the Iowa Code to the  
16 20 contrary.

16 21 Division I takes effect upon enactment.

16 22 Division II provides for the establishment of a state  
16 23 services regional boundaries task force whose charge shall be  
16 24 the development of a proposal to create not more than eight  
16 25 common regions for area education agencies, department of  
16 26 human services service areas, judicial districts, and judicial  
16 27 district departments of correctional services. The task force  
16 28 shall be comprised of a representative from the area education  
16 29 agencies, department of human services, judicial district  
16 30 departments of correctional services, two citizens appointed  
16 31 by the governor, a representative appointed by the chief  
16 32 justice, a citizen appointed by the majority party leadership  
16 33 of the general assembly, and a citizen appointed by the  
16 34 minority party leadership of the general assembly.

16 35 Division II provides that the task force shall make  
17 1 recommendations to the general assembly for common boundaries  
17 2 by October 1, 2003. If the task force fails to make a  
17 3 recommendation, division II provides that the joint  
17 4 legislative government oversight committee shall provide  
17 5 criteria upon which the legislative service bureau shall  
17 6 design a plan with common boundaries to be submitted to the  
17 7 general assembly by December 31, 2003. At a minimum, the  
17 8 criteria shall provide that the legislative service bureau  
17 9 consider the needs of the entities delivering state services  
17 10 and identify the boundaries that will provide the greatest  
17 11 efficiencies, while maximizing the ability to deliver the  
17 12 services with limited financial resources. Division II  
17 13 further provides that any proposal submitted to the general  
17 14 assembly shall include a provision establishing an advisory  
17 15 committee in each new district to provide input for the  
17 16 planning and implementation of the staffing and operations of  
17 17 the new district.

17 18 Division II takes effect upon enactment.

17 19 Division III relates to the medical assistance program  
17 20 including measures addressing pharmaceuticals and eligibility  
17 21 provisions.

17 22 Division III provides that beginning July 1, 2003, the  
17 23 department of human services is to reimburse pharmacy  
17 24 dispensing fees under the medical assistance program using a  
17 25 rate of \$4 per prescription or the pharmacy's usual and  
17 26 customary fee, whichever is lower. Currently, the rate is  
17 27 \$5.17 per prescription or the pharmacy's usual and customary  
17 28 fee, whichever is lower.

17 29 Division III also directs the department of human services  
17 30 to adopt rules to require the use under the medical assistance  
17 31 program of the least-cost generic drug for all categories of  
17 32 prescription drugs in which at least three AB-rated drugs have  
17 33 been established. The rules are to include that reimbursement  
17 34 for these drugs does not exceed 135 percent of the average-  
17 35 cost drug in the category, subject to any existing upper  
18 1 reimbursement limits. The average may be established  
18 2 utilizing data from national buying groups that are accessible  
18 3 to all pharmacists. Division III provides that it is the  
18 4 intent of the general assembly that the department of human  
18 5 services implement this provision to the extent allowed under  
18 6 federal law and in an administratively efficient manner.

18 7 Division III directs the department of human services to  
18 8 develop a preferred drug list and prior authorization program  
18 9 as the basis for pursuing supplemental rebates from  
18 10 pharmaceutical manufacturers under the medical assistance  
18 11 program. The department is directed to pursue negotiations  
18 12 with pharmaceutical manufacturers, including possible regional  
18 13 collaboration, to achieve supplemental rebates or other means,  
18 14 which may include direct purchase from pharmaceutical  
18 15 manufacturers, and to reduce the cost of pharmaceuticals under  
18 16 the medical assistance program.

18 17 Division IV relates to veterans benefits eligibility  
18 18 determinations.

18 19 New Code section 135C.31A provides that beginning July 1,  
18 20 2003, a health care facility receiving reimbursement under the  
18 21 medical assistance program shall determine, prior to the  
18 22 initial admission of a resident, the prospective resident's  
18 23 eligibility for benefits through the United States department

18 24 of veterans affairs. A health care facility shall also  
18 25 determine the eligibility of current residents residing in the  
18 26 facility on July 1, 2003. The health care facility is  
18 27 directed to report any information collected to the Iowa  
18 28 commission of veterans affairs. The department of inspections  
18 29 and appeals, in cooperation with the Iowa commission of  
18 30 veterans affairs and the department of human services, is  
18 31 directed to adopt rules to implement the Code section,  
18 32 including a provision that ensures that if a resident is  
18 33 eligible for veterans benefits or other third-party payor  
18 34 benefits, the payor of last resort for reimbursement to the  
18 35 health care facility is the medical assistance program.

19 1 Division IV also provides that it is the intent of the  
19 2 general assembly that a full-time equivalent position be  
19 3 designated and assigned to work with health care facility  
19 4 residents and that the county directors of veteran affairs be  
19 5 directed to collaborate with the commission of veterans  
19 6 affairs to maximize receipt of veterans benefits by eligible  
19 7 veterans and their dependents.

19 8 Division V establishes a children's authority to make  
19 9 changes in the child welfare services system and identifies  
19 10 the respective state and community agency responsibilities for  
19 11 such services.

19 12 Division V amends the definitions section in Code chapter  
19 13 235, relating to child welfare, to add to the definition of  
19 14 child welfare services, and add new definitions for the  
19 15 department of human services and the children's authority  
19 16 established by the bill.

19 17 New Code section 235.7 states the purpose of identifying a  
19 18 children's authority is to make changes in the child welfare  
19 19 system, provides for creation of a task force to advise on  
19 20 system change, provides contingent authority in the event a  
19 21 statute is enacted assigning a state agency other than the  
19 22 department of human services to serve as the children's  
19 23 authority, enumerates responsibilities of the children's  
19 24 authority and service providers in a changed system, and  
19 25 requires the children's authority to utilize a performance=  
19 26 based contracting approach with service providers.

19 27 Division V requires implementation of system changes to  
19 28 begin January 1, 2004, unless the children's authority concurs  
19 29 with a request approved by the task force for a graduated  
19 30 implementation.

19 31 Division VI directs the departments of human services and  
19 32 corrections to conduct a comprehensive study of alternative  
19 33 uses for the four state mental health institutes (MHIs). One  
19 34 of the alternative uses to be studied is for using two of the  
19 35 MHIs as facilities to house correctional facility inmates who  
20 1 need mental health treatment. Various criteria are to be  
20 2 covered in the study, including budget considerations. The  
20 3 study is required to include analyses from both departments  
20 4 addressing the potential effects of various options on the  
20 5 state employee workforce at the facilities and to identify the  
20 6 appropriate number of state mental health institute beds in  
20 7 the state. The report is required to be submitted to the  
20 8 governor and general assembly by December 31, 2003.

20 9 If the study indicates shifting MHIs to alternative use as  
20 10 correctional facilities is efficacious, the two departments  
20 11 are to submit proposed legislation to implement the shift for  
20 12 consideration during the 2004 Legislative Session. Otherwise,  
20 13 the department of human services is required to submit  
20 14 proposed legislation for consideration during the 2004  
20 15 legislative session that would consolidate the four MHIs into  
20 16 two institutes, with one serving the eastern portion of the  
20 17 state, and the other serving the western portion of the state.

20 18 Division VI takes effect upon enactment.

20 19 Division VII relates to the judicial district department of  
20 20 correctional services by creating a new community-based  
20 21 correctional administrator position within the department of  
20 22 corrections, and by making changes to the membership of the  
20 23 board of corrections.

20 24 Division VII creates the position of community-based  
20 25 correctional administrator to be appointed by and serve at the  
20 26 pleasure of the governor. The bill provides that the  
20 27 community-based correctional administrator shall coordinate  
20 28 the administration of the judicial district departments of  
20 29 correctional services (judicial districts). Under the bill,  
20 30 the director of the department of corrections shall supervise  
20 31 the community-based correctional administrator. The bill  
20 32 provides that the community-based correctional administrator  
20 33 appoints the directors of the judicial districts and that the  
20 34 directors serve at the pleasure of the community-based

20 35 correctional administrator. The bill provides that the  
21 1 directors of the judicial districts be employed by the  
21 2 department of corrections. The bill also provides that the  
21 3 board of a judicial district shall retain its duties pursuant  
21 4 to Code section 905.4, but the bill requires the judicial  
21 5 district board to consult with the director of the judicial  
21 6 district before exercising its duties. Current law provides  
21 7 the director of a judicial district is employed by the  
21 8 judicial district board.

21 9 Division VII temporarily changes the composition of the  
21 10 board of corrections from seven members to eight or nine  
21 11 members. Division VII permits the boards of the judicial  
21 12 districts to appoint two members to the board of corrections.  
21 13 Division VII provides that the board of corrections consists  
21 14 of eight or nine members until the number of members not  
21 15 appointed by the boards of directors of the judicial district  
21 16 departments is reduced to five, by attrition, commencing with  
21 17 any vacancy occurring on or after July 1, 2003. The two  
21 18 members appointed by the boards of the judicial districts are  
21 19 appointed by a majority vote of all the individual members of  
21 20 the boards of directors of the judicial districts. Division  
21 21 VII provides that the five seats not appointed by the boards  
21 22 of the judicial districts are appointed by the governor, and  
21 23 the bill and current law provide that all appointments are  
21 24 subject to confirmation by the senate.

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